

Testimony before the House Commerce Committee
March 22, 2006
Georgia-Pacific Closure Response

Thank you for the opportunity to testify before this committee today.

My name is Jeff Ratcliffe. I am the Executive Director of the Otsego County Economic Alliance. We are the county-wide private/public economic development partnership serving Gaylord and Otsego County. I have over 17 years of community and economic development experience with 14 of those years in rural Michigan communities.

On the morning of March 6, 2006 Georgia-Pacific Corporation announced that their Gaylord plant was closed. They issued the required WARN notification and indicated that the plant was closed as of that date, with 120 hourly employees laid off immediately and another 43 hourly and salary employees to be laid off on Wednesday, March 8. The remaining 47 employees would be phased out by May 5, 2006.

Upon notification, we began mobilizing our resources including our Michigan Works! office, the Michigan Economic Development Corporation, Sen. Stamas, Rep. Elsenheimer, our Chamber of Commerce and key City, County and Township officials. Our efforts immediately focused on first, determining if any effort to reverse the closure decision could be made, and second, to mobilize all available resources to assist the terminated employees including those who lost their jobs at businesses directly affected by the closure.

G-P made it clear on the first day that there was no level of incentives that would have changed their decision to close the plant. They also indicated that they did not plan to reopen the facility as a particle board mill under their or another company's ownership. They indicated that they planned to remove the machinery and equipment and then make the facilities and property available for sale.

With this information in mind and at the same time as we worked to address the immediate needs of the laid off employees, we began to plan and outline potential strategies for the reuse and redevelopment of the G-P facilities.

Given that we will soon have 600,000 square feet of industrial facilities spread over three buildings that range in age from 30 to 42 years old and have been designed and used for one purpose; and given that reuse and redevelopment will be in competition with similar or larger vacant facilities in SE and SW Michigan; and given that there is a great deal of obsolescence due to construction and functional issues; and given that there are environmental issues that a new owner or owners will be confronted with; We have determined that we will need access to all available and potentially available economic development tools that will allow us to mitigate the cost of the environmental and obsolescence issues and appropriately induce new owners to our northern location.

On behalf of the Otsego County Economic Alliance and our 40 private and public partners, I wish to support the proposed amendment to Senate Bill 922 that would provide Otsego County with the ability to create a Renaissance Zone for the G-P facility as an incentive tool for marketing the reuse and redevelopment of this property if we so determine this is the best incentive possible.

As an economic developer, it will be imperative for our community to have access to a wide variety of tools as we assess and plan for the marketing of this property. We know we have a number of challenges due to overall economic conditions in our state, our northern location, as well as site conditions. Having the ability to establish a Renaissance Zone will be very valuable if our planning process determines that the elimination or at least the substantial reduction of taxes is the best incentive for securing a new owner or owners.

Your support for this amendment is encouraged.

Thank you.